



Date: July 1, 2004
To: Workforce Development Board Executive Directors
From: Connie Colussy, Director
Bureau of Workforce Programs
Subject: **Workforce Investment Act (WIA) Policy Update 04-07 – Supplemental Wage Data**

Purpose

This provides guidance to Workforce Development Boards (WDBs) regarding the use of supplemental income data for Workforce Investment Act (WIA) Title I performance measures.

Legislative/Regulatory References

- Training and Employment Guidance Letter (TEGL) 7- 99
- Training and Employment Guidance Letter 14- 00
- Workforce Investment Act 20 CFR § 666

Background

The U.S. Department of Labor (U.S. DOL) issued initial instructions on March 3, 2000 to implement performance measures for the WIA. This technical guidance, TEGL 7- 99, contains the policy and processes for definition and computation of all 17 performance measures required under the WIA. All measures that require a determination of employment after program exit are required to use the Unemployment Insurance (UI) Wage Record as the resource for determining employment and earnings. The only performance measures that do NOT use UI or other wage data are the Younger Youth Skill Attainment Rate, the Younger Youth Diploma Attainment Rate, and the Customer Satisfaction measures.

The TEGL recognizes that not all employment is covered by UI wage reporting requirements, and it provides instructions for handling participants who are working in uncovered employment as determined through evidence of supplemental wage data. Supplemental wage data has different applications in the calculation of the various measures. If a WIA participant is not found in the UI wage system, supplemental data sources may be used to determine employment status. That individual is included in the calculations for the entered employment, employment retention, and employment and credential attainment measures. For the Adult and Youth average earnings change measure and Dislocated Worker earnings replacement rate, if a WIA participant is not found in the UI wage system and supplemental data sources are used to verify the individual's earnings and employment status, the individual is excluded from each earnings measure's numerator and denominator.

To date, Wisconsin has not utilized supplemental data sources. This is one of several factors contributing to Wisconsin's failed performance on this measure two years in a row.

Policy

In order to most accurately reflect the participants successfully served by WIA and reported for performance measure purposes to U.S. DOL, the Department of Workforce Development, Division of Workforce Solutions (DWD/DWS) will implement a process for identifying and reporting supplemental wage data.

WDBs must obtain and document supplemental income data for adult, youth, and dislocated worker participants who are not found in the UI Wage Record. Supplemental income information will be used to adjust the WIA Title 1 performance measures when UI wage record data is not available for a participant and another acceptable source of data can document that the individual is employed.

Such circumstances may include individuals who are:

- a. Self-employed (e.g. agriculture, consultant, barber, cosmetologist);
- b. Non-covered employees (e.g. federal employees, such as military, postal service, railroad);
- c. Employed out-of-state (Note: The Wage Record Interstate System[WRIS] may capture this data, however, Michigan and Illinois are not utilizing WRIS. Illinois expects to be operational in May, 2004.)

Data sources and documentation

Acceptable wage record data may be obtained through case management, follow-up services, or participant survey to determine that the individual is employed, provided that written documentation of that employment is verified and maintained. Computer records from automated record matching are considered a valid written record, such as the State Department of Revenue (e.g., for State income tax of self-reported earnings). A survey or telephone response from a participant or employer must be accompanied by a written document, such as a W-2, pay stub(s), or 1099 covering the period(s) called for by the pertinent performance measure(s). For self-employed individuals, written verification from major clients is also acceptable documentation.

Supplemental data must be reported within 30 days after the individual was found missing in the UI wage record. Supporting documentation must be retained as part of the local participant record. At a minimum, WDBs must collect supplemental data for participants who are employed in the first quarter following the exit quarter and the third quarter following the exit quarter, when UI wage record data does not exist. WDBs have the option to gather and report earnings data for participants for all five quarters following the exit quarter to improve DWD/DWS ability to provide meaningful outcome data for local planning purposes.

ASSET Reporting

ASSET will be modified during Program Year (PY) 2004 to facilitate proper reporting of supplemental earnings data. Until this modification has been designed, tested and published, the following procedure will be used so that DWD/DWS can apply this policy, to the extent possible, to PY 2003 performance results.

1. Each performance quarter, WDB staff will receive a listing via e-mail of all participants in the performance measures for whom no UI or WRIS cross-match is found;
2. WDB staff will distribute this listing to case managers, who have 30 calendar days from the date of file transmission to contact participants to determine their employment status;
3. Case managers must obtain and retain on-site the documentation specified above as proof of employment;

4. WDB staff must revise and return the file to Nancy Bryan at DWD/DWS. This file will be used to adjust the performance results until all modifications can be integrated into ASSET;
5. Entry of first and third quarter supplemental earnings data in ASSET prior to system modification is at the WDB's discretion.

Action Required

The ASSET reporting procedures for PY 2003 will be implemented immediately and used until after the implementation of on-line reporting in ASSET, no later than December 31, 2004.

WDBs should review and revise local policies and procedures to ensure that supplemental income data is appropriately collected and documented as detailed in the above policy. In addition, WDBs should ensure that WIA case managers and others responsible for entering ASSET data and monitoring WIA performance are familiar with these policies and procedures.

Questions and Technical Assistance

The attached provides further detail and examples of how the Supplemental Income Data Policy would be applied in various situations.

If you have questions about this policy or its implementation, contact Nancy Bryan (608) 266-0249, nancy.bryan@dwd.state.wi.us or your local program liaison.

Cc: Local Program Liaisons
Job Service District Directors

ATTACHMENT
Supplemental Income Data Policy
Further Details and Implementation Examples

Specific customer file examples and the U.S. DOL Office confirmation of answers are provided below to illustrate how supplemental earnings data affects the Adult Earnings Gain measure. These same criteria will also apply to the Older Youth Earnings Gain measure and the Dislocated Worker Earnings Replacement Rate measure.

REMINDER: UI wage records will be the only data source for the Adult Earnings Change Measure. Therefore, individuals whose employment in either the first **OR** third quarter after exit was determined from supplementary sources, and not from UI wage records, are excluded from the measure. The role of the "first OR third quarter" filter plays a key factor in determining the exclusions for the denominator.

#1 Jane Doe: Has no earnings in Quarter (Q)1 and no earnings in Q3.

Answer: May not necessarily be excluded from the denominator. Jane may have appeared in the UI wage file and earned \$0.00 in both quarters. This would be a unique scenario, but the presence of Jane in the UI wage file in Q1 and Q3 after the exit quarter would put her in the measure. Otherwise, if Jane was not found employed in the first quarter after the exit quarter (whether through UI or supplemental), she would definitely be excluded from the measure.

#2 Anne Zee: Has UI earnings in Q1 and no earnings in Q3.

Answer: Include in the denominator.

#3 Bob Wye: Has supplemental earnings in Q1, no earnings in Q3.

Answer: Exclude from the numerator and denominator.

#4 Mary Gee: Has UI earnings in Q1 and Q3; no supplemental earnings.

Answer: Include in the numerator and the denominator.

#5 Paul Eff: Has supplemental earnings in Q1 and Q3; no UI earnings.

Answer: Exclude from the numerator and the denominator.

#6 Pam Kay: Has UI earnings in Q1, Q2 and Q3; has supplemental earnings in Q1, Q2 and Q3.

Answer: Include in the denominator. Only the UI earnings are used in the post-program part of the numerator.

#7 Mark Cee: Has UI earnings in Q1, UI earnings in Q2 and supplemental earnings in Q3.

Answer: Individual is excluded from the measure because employment in Q3 was determined through supplemental sources AND Mark was not found employed using the UI wage file.

#8 Phil Enn: Has UI earnings in Q1, supplemental earnings in Q2, and UI earnings in Q3.

Answer: Individual is included in the denominator. Only the Q3 earnings can be used, and the Q2 earnings are effectively \$0.00. It is better for Wisconsin to get the Q3 earnings in the measure, because the individual is in the denominator.

#9 Ali Eye: Has UI earnings in Q1, Q2 and Q3; has supplemental earnings in Q1; no supplemental earnings in Q2 or Q3.

Answer: Individual is included in the denominator. Only the UI earnings are used for the post-program part of the numerator

#10 Bill Eff: Has UI earnings in Q1, Q2 and Q3; has no supplemental earnings in Q1, has supplemental earnings in Q2, and no supplemental earnings in Q3.

Answer: Individual is included in the denominator. Only the UI earnings are used for the post-program part of the numerator

#11 Judy Ell: Has supplemental earnings in Q1, UI earnings in Q2 and UI earnings in Q3.

Answer: Individual is excluded from the measure because Judy's employment in Q1 was determined through supplemental sources AND Judy was not found employed using the UI wage file in that same quarter.

#12 John Bee: Has supplemental earnings in Q1, supplemental earnings in Q2, and UI earnings in Q3.

Answer: Individual is excluded from the measure because John's employment in Q1 was determined through supplemental sources AND John was not found employed using the UI wage file in that same quarter.

#13 Tom Ewe: Has supplemental earnings in Q1, UI earnings in Q2, and supplemental earnings in Q3.

Answer: Technically, the individual is excluded from the measure because Tom's employment in Q1 was determined through supplemental sources AND Tom was not found employed using the UI wage file in that same quarter.